



**BILL HASLAM**  
GOVERNOR

STATE OF TENNESSEE  
**DEPARTMENT OF FINANCIAL INSTITUTIONS**  
414 UNION STREET, SUITE 1000  
NASHVILLE, TENNESSEE 37219  
(615) 741-2236 FAX (615) 741-2883

**GREG GONZALES**  
COMMISSIONER

January 15, 2013

Re: 2013 Money Transmission License Renewal

To All Tennessee Money Transmitter Licensees:

Enclosed is a request for certain information provided pursuant to Tennessee Code Annotated (TCA) Title 45 Chapter 7 "Money Transmission". Please provide the requested information no later than April 15, 2013.

Failure to provide the required information or receive an approval of a request for an extension of time to provide the required information from the Department by April 15, 2013 may result in the scheduling of a hearing at which time the licensee will be required to show cause why its license should not be suspended pending compliance with this requirement, pursuant to TCA Section 45-7-211(c).

**Please note that the provided form has been revised from similar forms provided in previous years.** The enclosed forms may also be accessed via the internet at the following web address:

<http://tn.gov/tdfi/forms.html>

Certain licensees may note that they have yet to receive a renewal certificate for their previous renewal application. This is generally due to the fact that certain previous renewal applications are still in the review process as additional information has been requested in certain instances. This should not be considered a formal Department response regarding those pending, previous renewal applications. We are working diligently to resolve any pending, previous renewal applications prior to the April 15, 2013 deadline for submission of the 2013 renewal applications.

If you have any questions regarding the 2013 renewal application process, please contact Memory Barber at (615) 532-9544 or Justin McClinton at (615) 532-1021.



# **MONEY TRANSMITTER RENEWAL OF LICENSE AND ANNUAL REPORT**

## **INSTRUCTIONS**

1. Please respond completely to all questions on the form. If a question is not applicable, you must so state on the form.

Questions pertaining to the completion of this report may be directed to Memory Barber at (615) 532-9544.

2. A complete report and supporting documents along with a check, draft, or money order payable to the **Tennessee Department of Financial Institutions** for the renewal fee must be returned to the Department by April 15, 2013.
3. These materials may be mailed to:

Department of Financial Institutions  
Attention: Bank Division  
414 Union Street, Suite 1000  
Nashville, TN 37219

**Failure to fully and accurately complete this report may be considered a violation of Tennessee Code Annotated Section 45-7-211 and therefore may result in the pursuit of civil penalties pursuant to Tennessee Code Annotated Section 45-7-223. Therefore, please ensure all requested information is provided and such information provided in a manner that fully addresses all requested items. Complete responses will also serve to expedite the processing of this renewal report.**

NAME AND ADDRESS OF BUSINESS:

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DOING BUSINESS AS OR TRADE NAMES:

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DESIGNATED CONTACT:

(Name - Printed)

(Address)

(Phone)

(E-mail)

Each licensed issuer is required to pay by April 15th of each year, a renewal fee based upon:

- (1) A licensee who transacts business from not more than an aggregate of four (4) locations, branch offices or agents in Tennessee - fifty dollars (\$50) for each.

***Please note that the minimum fee for any licensee is \$50.***

- (2) A Licensee who transacts business from five (5) or more locations, branch offices, or agents in Tennessee - five hundred dollars (\$500) plus twelve dollars (\$12) for each in excess of five (5).

(1) 1-4 locations ----- Multiply \$50.00 by the number of locations:

\_\_\_\_\_ x \$50.00 = \_\_\_\_\_  
# of                      Total Fee  
locations

**OR**

(2) 5 or more locations, calculate the fee as follows:

a. Total # of locations: \_\_\_\_\_

b. Subtract first 5 locations: \_\_\_\_\_

c. Equals # of locations in excess of 5: \_\_\_\_\_

d. Multiply locations in excess of 5 by 12: \_\_\_\_\_

e. Equals fee for locations in excess of 5: \_\_\_\_\_

f. Add \$500 fee for first 5 locations: \_\_\_\_\_

g. Equals total fee for all locations: \_\_\_\_\_

EXAMPLE: Company A has 20 locations. The fee would be calculated as follows

a. Total # of locations:	<u>20</u>
b. Subtract first 5 locations:	<u>- 5</u>
c. Equals # of locations in excess of 5:	<u>= 15</u>
d. Multiply locations in excess of 5 by 12:	<u>x12</u>
e. Equals fee for locations in excess of 5:	<u>= 180.00</u>
f. Add \$500 fee for first 5 locations:	<u>+500.00</u>
g. Equals total fee for all locations:	<u>= 680.00</u>

**ALL OF THE FOLLOWING INFORMATION MUST BE PROVIDED:**

1) Note annual money transmission sales in **TENNESSEE**. Sales **MUST** be reported as of the most recent quarter for which data is available prior to the date of this renewal application, but in no event more than one hundred twenty (120) days prior to the date of this renewal application. Sales reported during the period \_\_\_\_\_ through \_\_\_\_\_.

A. Number of items sold: \_\_\_\_\_

B. Dollar amount sold: \_\_\_\_\_

C. Amount outstanding as of  
the end of the quarter: \_\_\_\_\_

2) Note ALL types of money transmission provided (examples include, but are not limited to: money orders, travelers' checks, wire transfers, prepaid access or bill payment):

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3) Provide the most recent audited unconsolidated annual financial statement. A licensee may provide the most recent audited consolidated annual financial statement of the parent corporation if such statement includes the balance sheet, statement of income or loss, statement of changes in shareholder's equity and statement of changes of financial position of the licensee. A licensee who does not transmit money in this state through more than an aggregate of four locations may provide a financial statement certified by the owner or manager of such licensee.

**ALL FOUR OF THE FOLLOWING COMPONENTS OF THE FINANCIAL STATEMENT MUST BE INCLUDED:**

- **BALANCE SHEET**
- **STATEMENT OF INCOME OR LOSS**
- **STATEMENT OF CHANGES IN SHAREHOLDER'S EQUITY**
- **STATEMENT OF CHANGES IN FINANCIAL POSITION (CASH FLOW STATEMENT)**

**ANY PLEDGE OR COLLATERAL COMMITMENTS RELATED TO ANY ASSETS NOTED ON THE PROVIDED BALANCE SHEET MUST BE DISCLOSED INCLUDING DOLLAR AMOUNT AND NATURE OF THE PLEDGE OR COLLATERAL COMMITMENT.**

Typically, audited financial statements at the applicant level are acceptable for applicants that are required by statute to provide such statements with their renewal application. However, the Department may consider accepting audited financial statements at the applicant's parent level in certain circumstances **UPON REQUEST**. Such circumstances may include, audited financial statements that include separate, audited statements limited to the applicant's financial condition or parent company audited financials where audit of the applicant's accounting was necessary to perform the parent's audit.

The Department reserves the right to determine whether audited financial statements at the applicant level are most appropriate pursuant to T.C.A. § 45-7-211(7). ***Should audited financial statements at the parent level be provided, please provide documentation supporting that the audit of the applicant's accounting was necessary to perform the parent's audit.***

4) If the applicant is experiencing operating losses **OR** marginal net income, please provide the following:

- Explanation for such earnings or capital issues
- Plans to achieve or improve profitability

5) If the applicant is experiencing **ANY** of the following:

- Marginal net worth
- Marginal tangible net worth
- Significantly declining capital level

Please provide a written capital plan to maintain minimum net worth levels going forward.

Please note that should the Department determine that earnings performance or net worth levels need improvement based upon financials submitted in the renewal application, the Department reserves the right to request such earnings performance explanation or capital plan. You may want to provide these documents with your application for renewal to expedite review of the renewal application. Such written explanation or plans may include the following, without limitation:

- Financial projections
- Budgets noting anticipated financial performance
- Description of any anticipated capital injections
- Capital contingency plans

6) If the most recent financials reflect a negative tangible net worth, please provide an explanation. Additionally, please provide plans to achieve a positive tangible net worth including an anticipated time frame for realizing a positive tangible net worth.

7) Please note the following with respect to any licenses in addition to the money transmitter license that the licensee may maintain from the Tennessee Department of Financial Institutions (for example, check casher, deferred presentment, title pledge lender, etc.):

- Type of each additional license maintained
- Date of most recent additional license issuance or renewal for each additional license
- Net worth requirement associated with each additional license

*Please note that licensees are expected to maintain a net worth that satisfies the **AGGREGATE** required net worth equal to the total of all respective net worth requirements associated with each license type issued by the Department and maintained by the licensee.*

Below is an example for a Tennessee money transmitter licensee that provides money transmission services in three locations in Tennessee and also maintains a Tennessee check cashing license with four locations providing check cashing services:

A money transmitter licensee that is licensed by the Department, with three locations in Tennessee operating as authorized by this money transmitter license, would calculate its net worth requirement associated with the licensee's money transmitter license in accordance with T.C.A. Section 45-7-205(a) as follows:

First location:	\$100,000
Second location:	\$25,000
Third location:	\$25,000
Total net worth requirement associated with money transmitter license:	\$150,000

If this same licensee is licensed by the Department as a check casher as well, with four locations in Tennessee operating as authorized by the check cashing license, its net worth requirement associated with the licensee's check cashing license would be calculated in accordance with T.C.A. Section 45-18-105(a) as follows:

First location:	\$25,000
Second location:	\$25,000
Third location:	\$25,000
Fourth location:	\$25,000
Total net worth requirement associated with check cashing license:	\$100,000

Therefore, the aggregate required net worth for this licensee would be calculated as follows:

Total net worth requirement associated with money transmitter license:	\$150,000
Total net worth requirement associated with check cashing license:	\$100,000
<b>Aggregate required net worth:</b>	<b>\$250,000</b>

8) A list of current agents and/or locations located in Tennessee. This information **MUST** correspond with the number used to compute your renewal fee. To the extent reasonably practical, please provide a copy of this information in an electronic format (e.g. Excel spreadsheet, Access database, or other commonly used electronic format). **AT A MINIMUM, NOTE THE FOLLOWING:**

- **NAME**
- **ADDRESS**
- **DESIGNATED CONTACT PERSON (Please provide name not merely title)**

11) Notification of material litigation.

**IF NO MATERIAL LITIGATION IS PENDING, NOTE N/A**

12) Any material changes, including those outlined in T.C.A. § 45-7-212, to any of the information submitted in your original application that were not previously reported to the Commissioner. Such material changes might include, but are not limited to the following examples:

- Change of control
- Change of executive officers or directors
- Change of address
- Acquisitions of other entities
- Significant expansion of products offered or market areas
- Any agreements, orders, or enforcement actions entered into, with, issued, or instituted by any state or governmental authorities, including the Internal Revenue Service (IRS).  
***Please include copies of any such documents.***
- Felony criminal convictions or indictments of any director, executive officer, principal or key shareholder
- Filing of Bankruptcy or Reorganization by the licensee

**IF NO MATERIAL CHANGES HAVE OCCURRED, NOTE N/A**

13) Please provide a description of any significant changes to the licensee's BSA/AML Policy that have been adopted since the last renewal or approval of license.

**IF NO SIGNIFICANT CHANGES HAVE OCCURRED, NOTE N/A**

14) Please ensure applicant is properly registered as a Money Services Business (MSB) with the Financial Crimes Enforcement Network (FinCEN), if applicable. If the applicant believes such registration is not necessary, please provide a written explanation supporting such exemption. Please note that the Department may require a written opinion from FinCEN or the applicant's legal counsel to support such exemption.

15) Please provide a certificate of good standing, or similar documentation, from the appropriate state or government authority in which the applicant was incorporated/formed, if such authority is not the State of Tennessee.

If applicable, please ensure the applicant is in good standing with the Tennessee Secretary of State and information on record with the Tennessee Secretary of State is current.

16) Please List Federal I.D. or Taxpayer I.D. Number (E.I.N. is acceptable).

17) Evidence that the Surety Bond has been renewed for a one year period since the last application for renewal, pursuant to T.C.A. § 45-7-208. Should the Licensee currently maintain a Letter of Credit, evidence that the Letter of Credit has been renewed for a **three year period** since the last application for renewal.

18) Describe the controls or processes used by the applicant to ensure, monitor and document compliance with T.C.A. § 45-7-206 on an ongoing basis. Such description **MUST** address **BOTH** permissible investments and customer obligations noting the licensee's processes for ensuring such investments are greater than or equal to such obligations.

19) Please complete and submit the attached Permissible Investment Report on Page 7.

## PERMISSIBLE INVESTMENT REPORT

Permissible investments and outstanding customer obligations as of \_\_\_\_\_ (date ***MUST correspond with the as of date for financials provided with renewal application***).

Both balance sheet and off-balance figures **MUST** be included. Applicant **MUST** explain any discrepancies between amounts provided in this Report and amounts reflected in provided financials. Provide attachments if necessary.

### ANY PLEDGE OR COLLATERAL COMMITMENTS OF PERMISSIBLE INVESTMENTS DESCRIBED BELOW MUST BE DISCLOSED INCLUDING DOLLAR AMOUNT AND NATURE OF THE PLEDGE OR COLLATERAL COMMITMENT

Permissible Investments (T.C.A. § 45-7-203(13)):

1. Cash	\$
2. Certificates of deposit or other debt obligations of a financial institution, either domestic or foreign	\$
3. Bills of Exchange (Bankers' Acceptances)	\$
4. Investments (1 of 3 highest credit ratings per nationally recognized agency)	\$
5. Authorized Agent Receivables	\$
6. Authorized Agent Receivables Past Due or Doubtful of Collection	\$
7. Net Qualifying Authorized Agent Receivables (Net of line 5 less line 6)	\$
8. Qualifying U.S. Securities - T.C.A. § 45-7-203(13)(E)	\$
9. Qualifying Mutual Funds - T.C.A. § 45-7-203(13)(G)	\$
10. Qualifying Demand Borrowing Agreement – T.C.A. § 45-7-203(14)(H)	\$
<b>11. TOTAL PERMISSIBLE INVESTMENTS (Sum of lines 1,2,3,4,7,8,9)</b>	<b>\$</b>

Outstanding Customer Obligations (*United States*):

12. Money Orders	\$
13. Travelers' Checks	\$
14. Wire Transfers	\$
15. Prepaid Access	\$
16. Bill Payment	\$
17. Other (Please describe below)	\$
<b>18. TOTAL CUSTOMER OBLIGATIONS (Sum of lines 12 – 17)</b>	<b>\$</b>

TOTAL PERMISSIBLE INVESTMENTS (Sum of lines 1,2,3,4,7,8,9)	\$
LESS TOTAL CUSTOMER OBLIGATIONS (Sum of lines 12 – 17)	\$
<b>NET PERMISSIBLE INVESTMENTS</b>	<b>\$</b>

Net Permissible Investments must be equal to or greater than zero pursuant to T.C.A. § 45-7-206.

Outstanding Customer Obligations (*Total United States & International*):

12. Money Orders	\$
13. Travelers' Checks	\$
14. Wire Transfers	\$
15. Prepaid Access	\$
16. Bill Payment	\$
17. Other (Please describe below)	\$
<b>18. TOTAL CUSTOMER OBLIGATIONS (Sum of lines 12 – 17)</b>	<b>\$</b>



## CERTIFICATION

Having been duly sworn, and under penalties of perjury, I do declare that I am authorized to file the enclosed reports and application and that the statements and representations set forth therein are true to the best of my knowledge and belief. I understand that omissions or inaccuracies may result in denial of the LICENSE RENEWAL APPLICATION.

Please note T.C.A. § 45-7-225(b) states any person who knowingly and willfully makes a material, false statement, in any document filed or required to be filed under this part with the intent to deceive the recipient of the document commits a Class E felony. Additionally, please note that a money transmitter license may be suspended or revoked pursuant to T.C.A. § 45-7-217(12) for any material false representations to the commissioner in any application or report filed with the commissioner made by the licensee.

\_\_\_\_\_  
SIGNATURE

\_\_\_\_\_  
DATE

\_\_\_\_\_  
NAME – PRINTED

STATE OF \_\_\_\_\_,

COUNTY OF \_\_\_\_\_,

On this \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_, before me,  
(date) (month) (year)  
a Notary Public in and for said County personally appeared \_\_\_\_\_  
(name)

known to me to be said person named in and who executed the foregoing application and made oath that the statements and representations set forth herein are true to the best of his/her knowledge and belief.

(NOTARY SEAL)

NOTARY PUBLIC

MY COMMISSION EXPIRES